

GREENWOOD TOWNSHIP, CLARE COUNTY

HARRISON, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Greenwood Township	County Clare
Audit Date 3/31/04	Opinion Date 6/16/04	Date Accountant Report Submitted to State: July 16, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

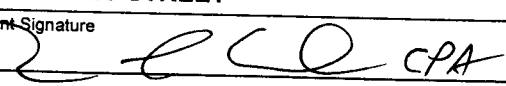
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP, P.C.			
Street Address 134 W. HARRIS STREET		City CADILLAC	State MI
Accountant Signature 		ZIP 49601	Date 7/14/04

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

MARCH 31, 2004

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GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

June 16, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Greenwood Township
Clare County
Harrison, Michigan

We have audited the accompanying general-purpose financial statements of Greenwood Township, Clare County, Harrison, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Greenwood Township, Clare County, Harrison, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

		GOVERNMENTAL FUND TYPES	
		GENERAL	SPECIAL REVENUE
<u>ASSETS</u>			
Cash			
Money Market Accounts			
Certificates of Deposit		\$ 38,980	\$ 213,713
Taxes and Special Assessments Receivable		355,074	18,477
Land and Buildings		3,035	19,990
Machinery and Equipment		0	0
Furniture and Fixtures		0	0
		0	0
TOTAL ASSETS		\$ 397,089	\$ 252,180
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
Payroll Withholdings Payable		\$ 77	\$ 0
Deferred Revenue		3,035	19,990
Total Liabilities		\$ 3,112	\$ 19,990
<u>EQUITY</u>			
Investment in General Fixed Assets		\$ 0	\$ 0
Balance			
Reserved for			
Road Improvements		0	110,318
Garbage and Rubbish Collection		0	85,057
Harding Cherry Grove Improvement		0	22,430
Lily Lake Improvements		0	14,385
Unreserved		393,977	0
Total Equity		\$ 393,977	\$ 232,190
TOTAL LIABILITIES AND EQUITY		\$ 397,089	\$ 252,180

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

<u>FIDUCIARY FUND TYPE AGENCY</u>	<u>ACCOUNT GROUP GENERAL FIXED ASSETS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ 1,016	\$ 0	\$ 253,709
0	0	373,551
0	0	23,025
0	63,661	63,661
0	5,398	5,398
0	3,459	3,459
<u>\$ 1,016</u>	<u>\$ 72,518</u>	<u>\$ 722,803</u>
 \$ 0	 \$ 0	 \$ 77
<u>0</u>	<u>0</u>	<u>23,025</u>
 \$ 0	 \$ 0	 \$ 23,102
<u>0</u>	<u>72,518</u>	<u>72,518</u>
0	0	110,318
0	0	85,057
0	0	22,430
0	0	14,385
<u>1,016</u>	<u>0</u>	<u>394,993</u>
 \$ 1,016	 \$ 72,518	 \$ 699,701
<u>\$ 1,016</u>	<u>\$ 72,518</u>	<u>\$ 722,803</u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
<u>RECEIPTS</u>			
Taxes	\$ 28,147	\$ 101,521	\$ 129,668
State Grants	74,090	0	74,090
Charges for Services	82	0	82
Interest and Rents	6,048	970	7,018
Other Receipts	0	26,853	26,853
Total Receipts	\$ 108,367	\$ 129,344	\$ 237,711
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 5,725	\$ 0	\$ 5,725
General Government			
Supervisor	5,663	0	5,663
Assessor	7,423	0	7,423
Clerk	6,937	0	6,937
Board of Review	994	0	994
Treasurer	13,810	0	13,810
Building and Grounds	2,396	0	2,396
Cemetery	4,545	0	4,545
Public Safety	15,047	0	15,047
Public Works	15,846	66,396	82,242
Health and Welfare	0	15,900	15,900
Recreation and Cultural	4,501	0	4,501
Other Functions	7,518	0	7,518
Total Disbursements	\$ 90,405	\$ 82,296	\$ 172,701
Excess of Receipts Over (Under) Disbursements	\$ 17,962	\$ 47,048	\$ 65,010
<u>BALANCE - April 1, 2003</u>	376,015	185,142	561,157
<u>BALANCE - March 31, 2004</u>	\$ 393,977	\$ 232,190	\$ 626,167

The accompanying notes are an integral part of these financial statements

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 22,400	\$ 28,147	\$ 5,747
State Grants	60,000	74,090	14,090
Charges for Services	50	82	32
Interest and Rents	0	6,048	6,048
Other Receipts	550	0	(550)
Total Receipts	\$ 83,000	\$ 108,367	\$ 25,367
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 8,000	\$ 5,725	\$ 2,275
General Government			
Supervisor	5,700	5,663	37
Assessor	10,000	7,423	2,577
Clerk	9,000	6,937	2,063
Board of Review	1,500	994	506
Treasurer	15,500	13,810	1,690
Building and Grounds	7,000	2,396	4,604
Cemetery	6,500	4,545	1,955
Public Safety	15,047	15,047	0
Public Works	18,600	15,846	2,754
Health and Welfare	0	0	0
Recreation and Cultural	4,700	4,501	199
Other Functions	7,875	7,518	357
Total Disbursements	\$ 109,422	\$ 90,405	\$ 19,017
Excess of Receipts Over (Under) Disbursements	\$ (26,422)	\$ 17,962	\$ 44,384
<u>BALANCE</u> - April 1, 2003	0	376,015	376,015
<u>BALANCE</u> - March 31, 2004	\$ (26,422)	\$ 393,977	\$ 420,399

The accompanying notes are an integral part of these financial statements

EXHIBIT C

SPECIAL REVENUE FUND TYPES

BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 120,000	\$ 101,521	\$ (18,479)
0	0	0
0	0	0
0	970	970
30,000	26,853	(3,147)
\$ 150,000	\$ 129,344	\$ (20,656)
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
153,500	66,396	87,104
16,000	15,900	100
0	0	0
0	0	0
\$ 169,500	\$ 82,296	\$ 87,204
\$ (19,500)	\$ 47,048	\$ 66,548
0	185,142	185,142
\$ (19,500)	\$ 232,190	\$ 251,690

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Greenwood Township is a general law township located in Clare County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for these funds which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities or twelve months or less from date of acquisition.

I. State statutes authorize the Township to invest funds as follows:

- a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (II.).
- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. In repurchase agreements consisting of instruments listed in subdivision (a).
- e. In bankers' acceptances of United States banks.
- f. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. In mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - i. The purchase of securities on a when-issued or delayed deliver basis.
 - ii. The ability to lend portfolio securities as long as the mutual fund received collateral at all times equal to at least 100% of the value of the securities loaned.
 - iii. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- h. In obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA7, MCL 124.501 to 124.512.
 - i. In investment pools organized under the Surplus Fund Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
 - j. In investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
- II. A public corporation that invests its funds under subsection (I) shall not deposit or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.

Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (I).

As used in this section "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received.

The only other liabilities recognized are for unremitted payroll tax withholdings.

3. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

6. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budgets are adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 29, 2003, or as amended by the board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$627,260 and the bank balance was \$627,433. Of the bank balance, \$508,140 was covered by federal depository insurance. The remaining \$119,293 are in accounts which exceed the federal depository insurance limit of \$100,000 and are uncollateralized.

The Township's carrying amount of deposits at year-end are shown below:

	<u>TOTAL</u>
National City Bank	
Harrison, Michigan	
Money Market Accounts	\$ 38,980
Chemical Bank	
Clare, Michigan	
Money Market Accounts	214,729
Certificates of Deposit	54,903
Farwell State Savings Bank	
Farwell, Michigan	
Certificates of Deposit	226,738
Isabella Bank and Trust	
Mt. Pleasant, Michigan	
Certificates of Deposit	<u>91,910</u>
	<u>\$ 627,260</u>

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE			BALANCE
	4/1/03	ADDITIONS	DELETIONS	3/31/04
Land and Buildings	\$ 63,661	\$ 0	\$ 0	\$ 63,661
Machinery and Equipment	5,080	318	0	5,398
Furniture and Fixtures	<u>3,459</u>	0	0	<u>3,459</u>
	<u>\$ 72,200</u>	<u>\$ 318</u>	<u>\$ 0</u>	<u>\$ 72,518</u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Fire Protection Contract

An agreement was entered into between the City of Harrison and the Township for fire protection. The Township paid \$15,047 to the City for fire protection from January 1, 2004 to December 31, 2004.

D. Road Improvement Fund

In November of 1992 the electors approved a two mill levy for 10 years for road improvements within the township. The transactions accounting for this levy are reflected in a separate fund labeled "Road Improvement Fund." The millage has been renewed.

E. Garbage and Rubbish Collection Fund

On May 1, 1989, the township board approved the placing of an annual special assessment on the tax roll to finance the cost of house-to-house trash pickup. The transactions accounting for the income and expenses related to the trash pickup are reflected in a separate fund established by the Township labeled "Garbage and Rubbish Collection Fund."

F. Harding Cherry Grove Improvement Fund

The Board approved a special assessment district to cover the costs of improvements to Harding and Cherry Grove Roads.

G. Lily Lake Improvement Fund

The Board approved a special assessment for improvements to Lily Lake.

IV. OTHER INFORMATION

A. Retirement Plan

The Township has a defined contribution pension plan with Municipal Retirement Systems, Inc. which covers Township employees other than part-time or seasonal personnel. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. An employee's normal retirement date is age 65 or the 5th anniversary of the first day of the plan year in which participation in the plan commenced.

The formula for determining contributions is based on an employee's annual compensation. The Township has elected to contribute 10% of compensation to the plan annually. Past service credit is calculated as 3% of current compensation for each year of past service to a maximum of 10 years.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Township contributions to the plan for 2003-2004 amounted to \$2,646. In addition, the Township paid \$175 in account service fees.

Total wages for those covered under the plan was \$24,561 and total wages for all employees including noncovered payroll was \$25,370.

B. Property Taxes

The Township levied 0.8983 mills for general operating purposes on a taxable value of \$30,093,851. In addition, the Township levied 1.9672 mills for road improvement. The Township also levied a special assessment for Garbage and Rubbish Collection, Lily Lake Improvements, and Harding Cherry Grove Improvements.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14, with a final collection date of February 28, before they are added to the County tax rolls. Property taxes levied December 1, which are collected and paid out of the Tax Collection Fund prior to the end of the fiscal year are recognized as income in the year in which they are levied.

C. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 6,048	\$ 0
Road Improvement Fund	474	0
Garbage and Rubbish Collection Fund	443	0
Harding Cherry Grove Improvement Fund	41	0
Lily Lake Improvement Fund	12	0
TOTAL	\$ 7,018	\$ 0

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

D. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 38,980
Certificates of Deposit	355,074
Taxes Receivable	<u>3,035</u>
TOTAL ASSETS	\$ <u><u>397,089</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Payroll Withholdings Payable	\$ 77
Deferred Revenue	<u>3,035</u>
Total Liabilities	\$ <u>3,112</u>

BALANCE

Unreserved	<u>393,977</u>
TOTAL LIABILITIES AND EQUITY	\$ <u><u>397,089</u></u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 22,400	\$ 28,147	\$ 5,747
State Grants	60,000	74,090	14,090
Charges for Services	50	82	32
Interest and Rents	0	6,048	6,048
Other Receipts	550	0	(550)
Total Receipts	\$ 83,000	\$ 108,367	\$ 25,367
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 8,000	\$ 5,725	\$ 2,275
General Government			
Supervisor	5,700	5,663	37
Assessor	10,000	7,423	2,577
Clerk	9,000	6,937	2,063
Board of Review	1,500	994	506
Treasurer	15,500	13,810	1,690
Building and Grounds	7,000	2,396	4,604
Cemetery	6,500	4,545	1,955
Public Safety	15,047	15,047	0
Public Works	18,600	15,846	2,754
Recreation and Cultural	4,700	4,501	199
Other Functions			
Insurance and Bonds	3,750	3,736	14
Employee Benefits	4,125	3,782	343
Total Disbursements	\$ 109,422	\$ 90,405	\$ 19,017
Excess of Receipts Over (Under) Disbursements	\$ (26,422)	\$ 17,962	\$ 44,384
<u>BALANCE</u> - April 1, 2003	0	376,015	376,015
<u>BALANCE</u> - March 31, 2004	\$ (26,422)	\$ 393,977	\$ 420,399

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 23,992
Swamp Tax	582
Penalties and Interest on Taxes	443
Summer Tax Collection Fee	<u>3,130</u>

Total Taxes	\$ 28,147
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STATE GRANTS

State Revenue Sharing	
Sales and Use Tax	74,090

CHARGES FOR SERVICES

Miscellaneous	82
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INTEREST AND RENTS

Interest Earnings	<u>6,048</u>
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TOTAL CASH RECEIPTS	\$ <u><u>108,367</u></u>
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GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 3,455

Supplies

Office Supplies

342

Other Services and Charges

Contracted Service

887

Membership and Dues

556

Miscellaneous

485

Total Legislative

\$ 5,725

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 5,624

Other Services and Charges

Miscellaneous

39

Total Supervisor

\$ 5,663

Assessor

Supplies

Office Supplies

\$ 700

Other Services and Charges

Contracted Services

6,723

Total Assessor

7,423

Clerk

Personal Services

Salaries and Wages

\$ 6,489

Miscellaneous

448

Total Clerk

6,937

Board of Review

Personal Services

Salaries and Wages

\$ 809

Other Services and Charges

Miscellaneous

185

Total Board Review

994

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Treasurer

Personal Services

Salaries and Wages \$ 8,993

Supplies

Office Supplies 2,388

Other Services and Charges

Contracted Services 1,681

Miscellaneous 430

Capital Outlay

Equipment 318

Total Treasurer 13,810

Building and Grounds

Other Services and Charges

Contracted Services \$ 705

Utilities 1,657

Miscellaneous 34

Total Building and Grounds 2,396

Cemetery

Other Services and Charges

Contracted Services \$ 4,425

Miscellaneous 120

Total Cemetery 4,545

Total General Government 41,768

PUBLIC SAFETY

Fire Department

Other Services and Charges

Aid to Other Governments 15,047

PUBLIC WORKS

Highways, Streets, and Bridges

Other Services and Charges

Repairs and Maintenance \$ 15,440

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Street Lighting			
Other Services and Charges			
Public Utilities		406	
Total Public Works			15,846

RECREATION AND CULTURAL

Library			
Other Services and Charges			
Aid to Other Governments			4,501

OTHER FUNCTIONS

Insurance and Bonds		\$ 3,736	
Employee Benefits			
Medicare and Social Security	\$ 211		
Workers' Compensation	750		
Pension	2,821		
Total Employee Benefits		3,782	
Total Other Functions			7,518
TOTAL DISBURSEMENTS			\$ 90,405

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

	<u>ASSETS</u>	<u>ROAD IMPROVEMENT</u>	<u>GARBAGE AND RUBBISH COLLECTION</u>
Cash			
Money Market Account		\$ 110,318	\$ 66,580
Certificates of Deposit		0	18,477
Taxes and Special Assessments Receivable		<u>6,647</u>	<u>10,150</u>
TOTAL ASSETS		<u>\$ 116,965</u>	<u>\$ 95,207</u>
	<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>			
Deferred Revenue		\$ <u>6,647</u>	\$ <u>10,150</u>
<u>BALANCE</u>			
Reserved for:			
Road Improvements		\$ 110,318	\$ 0
Garbage and Rubbish Collection		0	85,057
Harding Cherry Grove Improvement		0	0
Lily Lake Improvement		<u>0</u>	<u>0</u>
Total Balance		<u>\$ 110,318</u>	<u>\$ 85,057</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 116,965</u>	<u>\$ 95,207</u>

The accompanying notes are an integral part of these financial statements

STATEMENT 5

HARDING			
CHERRY GROVE	LILY LAKE		
IMPROVEMENT	IMPROVEMENT	TOTAL	
\$ 22,430	\$ 14,385	\$ 213,713	
0	0	18,477	
1,818	1,375	19,990	
\$ 24,248	\$ 15,760	\$ 252,180	
\$ 1,818	\$ 1,375	\$ 19,990	
\$ 0	\$ 0	\$ 110,318	
0	0	85,057	
22,430	0	22,430	
0	14,385	14,385	
\$ 22,430	\$ 14,385	\$ 232,190	
\$ 24,248	\$ 15,760	\$ 252,180	

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

	ROAD IMPROVEMENT	GARBAGE AND RUBBISH COLLECTION
<u>RECEIPTS</u>		
Taxes	\$ 52,487	\$ 49,034
Interest and Rents	474	443
Other Receipts		
Special Assessments	0	0
	<hr/>	<hr/>
Total Receipts	\$ 52,961	\$ 49,477
<u>DISBURSEMENTS</u>		
Public Works	\$ 0	\$ 48,334
Health and Welfare	0	0
	<hr/>	<hr/>
Total Disbursements	\$ 0	\$ 48,334
Excess of Receipts Over (Under) Disbursements	\$ 52,961	\$ 1,143
<u>BALANCE - April 1, 2003</u>	<hr/> 57,357	<hr/> 83,914
<u>BALANCE - March 31, 2004</u>	<hr/> <u>\$ 110,318</u>	<hr/> <u>\$ 85,057</u>

The accompanying notes are an integral part of these financial statements

STATEMENT 6

HARDING CHERRY GROVE IMPROVEMENT		LILY LAKE IMPROVEMENT		TOTALS	
\$	0	\$	0	\$	101,521
	41		12		970
	<u>12,728</u>		<u>14,125</u>		<u>26,853</u>
\$	<u>12,769</u>	\$	<u>14,137</u>	\$	<u>129,344</u>
\$	18,062	\$	0	\$	66,396
	<u>0</u>		<u>15,900</u>		<u>15,900</u>
\$	<u>18,062</u>	\$	<u>15,900</u>	\$	<u>82,296</u>
\$	(5,293)	\$	(1,763)	\$	47,048
	<u>27,723</u>		<u>16,148</u>		<u>185,142</u>
\$	<u>22,430</u>	\$	<u>14,385</u>	\$	<u>232,190</u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

ROAD IMPROVEMENT FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	
Taxes Receivable	\$ 110,318
	<u>6,647</u>
TOTAL ASSETS	\$ <u>116,965</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 6,647
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BALANCE

Reserved for Road Improvement	<u>110,318</u>
TOTAL LIABILITIES AND EQUITY	\$ <u>116,965</u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

ROAD IMPROVEMENT FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 54,000	\$ 52,487	\$ (1,513)
Interest and Rents			
Interest Earnings	0	474	474
Total Receipts	\$ 54,000	\$ 52,961	\$ (1,039)
<u>DISBURSEMENTS</u>			
Public Works			
Highways, Streets and Bridges			
Other Services and Charges	\$ 66,000	\$ 0	\$ 66,000
Excess of Receipts Over (Under) Disbursements	\$ (12,000)	\$ 52,961	\$ 64,961
<u>BALANCE - April 1, 2003</u>	0	57,357	57,357
<u>BALANCE - March 31, 2004</u>	\$ (12,000)	\$ 110,318	\$ 122,318

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GARBAGE AND RUBBISH COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 66,580
Certificate of Deposit	18,477
Taxes Receivable	<u>10,150</u>
Total Assets	\$ <u>95,207</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 10,150
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BALANCE

Reserved for Garbage and Rubbish Collection	<u>85,057</u>
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TOTAL LIABILITIES AND EQUITY	\$ <u>95,207</u>
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GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GARBAGE AND RUBBISH COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 66,000	\$ 49,034	\$ (16,966)
Interest and Rents			
Interest Earnings	0	443	443
Total Receipts	\$ 66,000	\$ 49,477	\$ (16,523)
<u>DISBURSEMENTS</u>			
Public Works			
Sanitation			
Other Services and Charges			
Contracted Services	69,000	48,334	20,666
Excess of Receipts Over (Under) Disbursements	\$ (3,000)	\$ 1,143	\$ 4,143
<u>BALANCE</u> - April 1, 2003	0	83,914	83,914
<u>BALANCE</u> - March 31, 2004	\$ (3,000)	\$ 85,057	\$ 88,057

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

HARDING CHERRY GROVE IMPROVEMENT FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	
Special Assessments Receivable	\$ 22,430
	<u>1,818</u>
TOTAL ASSETS	\$ <u>24,248</u>

LIABILITIES AND BALANCE

LIABILITIES

Deferred Revenue	\$ 1,818
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BALANCE

Reserved for Harding Cherry Grove Improvement	<u>22,430</u>
TOTAL LIABILITIES AND BALANCE	\$ <u>24,248</u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

HARDING CHERRY GROVE IMPROVEMENT FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 41	\$ 41
Other Receipts			
Special Assessments	14,000	12,728	(1,272)
Total Receipts	\$ 14,000	\$ 12,769	\$ (1,231)
<u>DISBURSEMENTS</u>			
Public Works			
Highways, Streets and Bridges			
Other Services and Charges			
Contracted Services	18,500	18,062	438
Excess of Receipts Over (Under) Disbursements	\$ (4,500)	\$ (5,293)	\$ (793)
<u>BALANCE - April 1, 2003</u>	0	27,723	27,723
<u>BALANCE - March 31, 2004</u>	\$ (4,500)	\$ 22,430	\$ 26,930

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

LILY LAKE IMPROVEMENT FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	
Special Assessment Receivable	\$ 14,385
	<u>1,375</u>
TOTAL ASSETS	\$ <u>15,760</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 1,375
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BALANCE

Reserved for Lily Lake Improvement	<u>14,385</u>
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TOTAL LIABILITIES AND EQUITY	\$ <u>15,760</u>
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GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

LILY LAKE IMPROVEMENT FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Interest and Rents			
Interest Earnings	\$ 0	\$ 12	\$ 12
Other Receipts			
Special Assessments	16,000	14,125	(1,875)
Total Receipts	\$ 16,000	\$ 14,137	\$ (1,863)
<u>DISBURSEMENTS</u>			
Health and Welfare			
Other Services and Charges			
Contracted Services	16,000	15,900	100
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ (1,763)	\$ (1,763)
<u>BALANCE - April 1, 2003</u>	0	16,148	16,148
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 14,385	\$ 14,385

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash
Money Market Account

\$ 1,016

EQUITY

BALANCE
Unreserved

\$ 1,016

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 871,520
Delinquent Tax Including Interest	3,049
Late Payment Penalty and Interest	23
Commercial Forest	44
Interest Earnings	56
Overpayments from Taxpayers	755
	<hr/>

Total Receipts

\$ 875,447

DISBURSEMENTS

Payments to County Treasurer

Current Tax

County	\$ 142,248
State Education Tax	139,105
Intermediate School	56,944
Community College	34,168
Seniors	12,361
Transit	7,037
Delinquent Tax Including Interest	1,157
Commercial Forest	44
	<hr/>
	\$ 393,064

Payments to Township Treasurer

Current Tax

Operating	\$ 23,992
Roads	52,487
Garbage Collection	49,034
Harding Cherry Grove Improvement -	
Special Assessment	12,728
Lily Lake Improvement - Special Assessment	14,125
Late Payment Penalty and Interest	443
	<hr/>
	152,809

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

Payment to School Treasurer			
Current Tax	\$	327,195	
Delinquent Tax Including Interest		2,232	
Late Payment Penalty and Interest		414	
Overpayment Refunds to Taxpayers			329,841
			<u>755</u>
Total Disbursements			<u>876,469</u>
Excess of Receipts Over (Under) Disbursements	\$		(1,022)
<u>BALANCE</u> - April 1, 2003			<u>2,038</u>
<u>BALANCE</u> - March 31, 2004	\$		<u><u>1,016</u></u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Buildings	\$ 63,661	\$ 0	\$ 0	\$ 63,661
Machinery and Equipment	5,080	318	0	5,398
Furniture and Fixtures	3,459	0	0	3,459
	<u>\$ 72,200</u>	<u>\$ 318</u>	<u>\$ 0</u>	<u>\$ 72,518</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 72,200</u>	<u>\$ 318</u>	<u>\$ 0</u>	<u>\$ 72,518</u>

GREENWOOD TOWNSHIP, CLARE COUNTY
HARRISON, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County		
County - State Education Tax	\$	182,095
Township		150,466
Operating		27,027
Roads		59,194
Garbage Collection		59,220
Harding Cherry Grove Improvement - Special Assessment		14,546
Lily Lake Improvement - Special Assessment		15,500
School		357,958
Intermediate School		64,148
Community College		38,490
		<u>968,644</u>

TAXES COLLECTED

County	\$	161,646	
County - State Education Tax		139,105	
Township			
Operating		23,992	
Roads		52,547	
Garbage Collection		49,070	
Harding Cherry Grove Improvement - Special Assessment		12,728	
Lily Lake Improvement - Special Assessment		14,125	
School		327,195	
Intermediate School		56,944	
Community College		34,168	
		<u>871,520</u>	

TAXES RETURNED DELINQUENT

County	\$	20,449	
County - State Education Tax		11,361	
Township			
Operating		3,035	
Roads		6,647	
Garbage Collection		10,150	
Harding Cherry Grove Improvement - Special Assessment		1,818	
Lily Lake Improvement - Special Assessment		1,375	
School		30,763	
Intermediate School		7,204	
Community College		4,322	
		<u>97,124</u>	

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

June 16, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Greenwood Township
Clare County
Harrison, Michigan

During the course of our audit of the general-purpose financial statements of Greenwood Township for the year ended March 31, 2004, we noted the following:

Budgeting - Public Act 621 states that the budget document that the Township adopts include the following financial information.

- (1) The actual results from the prior year
- (2) An estimate of the current year results
- (3) The proposed budget for the upcoming year
- (4) Amounts for contingencies, if appropriate
- (5) The amount of fund balance accumulated through the end of the current year, and the amount expected at the end of the upcoming year, after applying the budgeted receipts and disbursements.

We did not see where the budget document included item (5) above.

GASB 34 - The Governmental Accounting Board has issued statement number 34 which significantly changes the financial statement presentation for governmental entities following accounting principles generally accepted in the United States of America. We will assist the Township in determining the effect of GASB 34 on its financial statements when the implementation date of March 31, 2005, nears.

General Recordkeeping - The accounting records for the year ended March 31, 2004, were found to be in good order and in compliance with the State's uniform accounting system. We commend the clerk and treasurer for a job well done and encourage them to keep up the fine effort.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

June 16, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Greenwood Township
Clare County
Harrison, Michigan

In planning and performing our audit of the general-purpose financial statements of Greenwood Township, Clare County, Harrison, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

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